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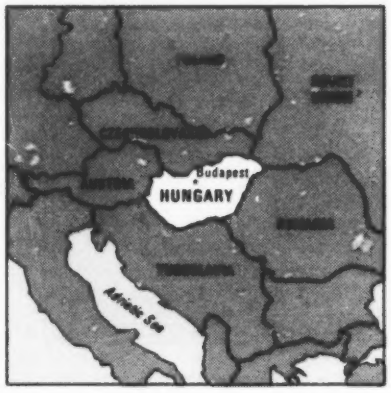
Hungary

United States Department of State
Bureau of Public Affairs

May 1989



Official Name:
Hungarian People's Republic

PROFILE

Geography

Area: 93,030 sq. km. (35,919 sq. mi.); about the size of Indiana. **Cities:** *Capital*—Budapest (pop. 2.1 million, 1987). *Other cities*—Miskolc (210,000), Debrecen (217,000), Szeged (188,000), Pecs (182,000). **Terrain:** Mostly flat plain. **Climate:** Temperate.

People

Nationality: *Noun and adjective*—Hungarian(s). **Population** (1988): 10.6 million. **Annual growth rate:** -0.16%. **Ethnic groups:** Magyar 92.4%, Gypsy 3.3%, German 2.5%, Jews 0.7%, 1.1% other. **Religions:** Roman Catholic 67.5%, Calvinist 20%, Lutheran 5%, Jewish. **Languages:** Magyar 98.2%, other 1.8%. **Education:** *Years compulsory*—to age 16. *Attendance*—96%. *Literacy*—98%. **Health:** *Infant mortality rate*—20.2/1,000 live births. *Life expectancy*—65.3 yrs. men, 73.2 women. **Work force** (4.9 million): *Agriculture*—19.3%. *Industry and commerce*—48.7%. *Services*—27.1%. *Government*—4.9%.

Government

Type: Communist unitary state. **Constitution:** August 20, 1949 (amended 1972). A new constitution is under preparation, expected to be promulgated, pending a referendum in 1990.

Branches: *Executive*—Council of Ministers. *Legislative*—Hungarian National Assembly (386 members, 5-yr. terms). *Judicial*—Supreme Court.

Administrative regions: 20, including capital region of Budapest.

Political party: Hungarian Socialist Workers' Party (HSWP).

Central government budget (1987): $14.9 billion.

Defense (1988): 7% of government budget.

National holiday: April 4, Liberation Day.

Flag: Three horizontal stripes—red, white, and green—from top to bottom.

Economy

GDP (1988): $27.35 billion. **Annual growth rate:** 1.1%. **Per capita income:** $2,500. **Inflation rate:** 1987, 8.3%; 1988 approx. 20%.

Natural resources: Fertile land, bauxite, brown coal.

Agriculture (20.7% of 1986 GDP): *Products*—meat, corn, wheat, potatoes, sugar beets, vegetables, fruits. *Arable land*—50.4%, of which 70.9% is cultivated.

Industry (43.3% of GDP 1986): *Types*—precision and measuring equipment, pharmaceuticals, textiles, transportation equipment.

Trade (1988): *Exports*—$11.974 billion: machinery, transport equipment, agricultural products, consumer goods. *Partners*—socialist countries 50%, developed noncommunist countries 40%, developing countries 9%. *Major markets*—U.S.S.R., F.R.G., G.D.R., Czechoslovakia, Austria. *Imports*—$9.17 billion: raw materials, energy, machinery, and transport equipment. *Partners*—socialist countries 52.2%, developed noncommunist countries 41.3%, developing countries 8.3%. *Major suppliers*—U.S.S.R., F.R.G., G.D.R., Czechoslovakia, Austria.

Official exchange rate: (Apr. 1989): Approx. 58.5 forints (Fts) = U.S.$1.

Membership in International Organizations

UN and several of its specialized and related agencies, including the International Monetary Fund (IMF), World Bank, General Agreement on Tariffs and Trade (GATT); Warsaw Pact; Council for Mutual Economic Assistance (CEMA); Danube Commission.

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GEOGRAPHY

Much of Hungary is flat, with low mountains in the northwestern and northeastern sections and to the north and south of Lake Balaton.

The climate is temperate, with seasons of almost equal length. January temperatures average 0 °C (32 °F); July, 22 °C (71 °F). Annual precipitation averages 64 centimeters (25.2 in.).

PEOPLE

In 1988, Hungary had an estimated population of 10.6 million, or about 114 per square kilometer (298/sq. mi.). The annual growth rate has averaged less than 0.5% since 1960. Population has actually been decreasing since 1981, in 1987 by 17,000, or 0.16%, and net growth is not projected until after 2000.

Education in Hungary is compulsory to age 16. Some 96% of Hungarian children complete 8 years of schooling; 93.3% of these attend secondary schools, many of which are technically oriented vocational schools. There are about 19 bilingual secondary schools; eight in English and Hungarian. Some 99,000 students attend institutions of higher learning yearly. By 1980, 3.6% of the population over age 25 had completed higher education.

Hungary and Poland mark the farthest eastward extension of Western Christianity in Europe. About two-thirds of Hungary's population are Roman Catholic; most of the remainder are Protestant (Calvinist, Lutheran, Baptist, Adventists, Pentecostal, Unitarian, and others).

The official language is Hungarian; teaching of the Russian language was compulsory from 1949 until 1989, when it was made elective. English has lately overtaken German as the most popular second language.

HISTORY

Since the adoption of Western Christianity around 1,000 A.D., Hungary has been an integral part of Europe culturally and politically, and Hungarians consider themselves the eastern outpost of Western civilization in Europe. Hungary was a monarchy for nearly 1,000 years. Its constitutional-parliamentary system preceded, by several centuries, the establishment Western-style governments in other European countries.

Sharing defeat of the Austro-Hungarian Dual Monarchy, Hungary lost two-thirds of its territory and nearly as much of its population at the end of World War I. It had a brief but bloody communist dictatorship and counter-revolution in 1919, followed by a 25-year regency under Adm. Nicholas Horthy. Although Hungary entered and fought in World War II as a German ally, it fell under German military occupation, during which the Horthy regime was swept away by a pro-Nazi dictatorship in October 1944. German forces were driven out by advancing Soviet armies in a campaign that ended in April 1945, despite an armistice that had been signed at Moscow by the Hungarians on January 20, 1945. A peace treaty was signed with the Allied and Associated Powers at

Paris on February 10, 1947, and entered into force on September 15, 1947.

Meanwhile, free elections held in October 1945 had led to the establishment of a republic and a coalition government under the leadership of the majority Smallholders Party. Following nearly 2 years of parliamentary, coalition government, the communist minority succeeded—with the support and repeated intervention of the Soviet occupation authorities—in seizing power (May–June 1947) and establishing a communist dictatorship headed by Moscow-trained Matyas Rakosi.

The communists had gradually undermined the coalition regime through the application of the famed "salami tactics." Through terror, blackmail, and framed trials, the communists first broke the Smallholders Party by the end of 1947 and then proceeded to absorb, in January 1948, the Social Democrats. By February 1949, the communists forced all remaining opposition parties into the People's Independent Front, and on May 15 held an election in which communist-approved candidates, without opposition, polled 95.6% of the votes. On August 20, 1949, a new constitution patterned after the 1936 Stalinist model, proclaimed Hungary a "People's Democracy."

With the opposition eliminated and the population terrorized, the country came under the virtual dictatorship of Rakosi. He carried out drastic purges of the rank and file and eliminated all real or potential rivals and opponents. By 1950, all private industrial firms with more than 10 employees were nationalized and freedom of the press, religion, and assembly greatly curtailed. But the forced industrialization and land collectivization soon led to serious economic difficulties and poverty, which reached crisis proportions by mid-1953. Fearing an explosion, Soviet leaders Malenkov and Khrushchev replaced Rakosi as premier with Imre Nagy in July 1953, whose "new course" was tantamount to a repudiation of most of Rakosi's policies on industry and agriculture and led to the release of thousands of political prisoners. Utilizing the power vacuum after Malenkov's fall in February 1955, Rakosi then engineered Nagy's removal as premier and even his expulsion from the party by branding Nagy with "right-wing deviationism."

Rakosi's attempt to maintain Stalinism in Hungary failed following the denunciation of Stalin by Khrushchev in February 1956; by July that year, Moscow forced Rakosi to resign and accept exile in the Soviet Union. Although Erno Gero, Rakosi's closest lieutenant who succeeded him, sought to contain the growing ideological and political ferment, popular anger over the terror under Rakosi reached new heights during the public rehabilitation and reburial on October 6 of national communist leader Laszlo Rajk, who was executed following a show trial in September 1949.

The Fisherman's Bastion and the Statue of St. Stephen in Buda.

Within less than 2 weeks, popular pressure for major changes in the political and economic model imposed by Rakosi became irresistible. On October 23, 1956, a peaceful march by Budapest students staged in support of Poland's confrontation with the Soviet Union turned violent when their request to have their 16-point demands read on radio was met with fire. The ensuing battle over the radio soon grew into a massive popular uprising as Gero called on Soviet forces, stationed in Hungary since 1945, to restore order. Fighting did not abate until after Nagy, who was brought back as premier under popular pressure, had met many of the popular

The Chain Bridge, Budapest. (Courtesy Interfoto MTI—Hungary)

demands, purged most Stalinists from his government, and had the Soviet forces withdrawn from Budapest by the end of October.

Janos Kadar, a moderate communist who had been imprisoned under Rakosi, succeeded Gero as first secretary of the fast disintegrating party. Jozsef Cardinal Mindszenty, the Roman Catholic Primate of Hungary, who had been sentenced to life imprisonment in 1949, was released by insurgents. Pressed by a progressively radicalized public opinion, Nagy formed a new coalition government, which also included Kadar.

Receiving reports of fresh Soviet troops pouring in Hungary despite Soviet Ambassador Andropov's assurances to the contrary, Nagy on November 1 announced Hungary's neutrality and withdrawal from the Warsaw Pact. He asked the United Nations and the Great Powers for protection and that the request be placed on the agenda of the UN General Assembly. Preoccupied with the Suez Crisis, Hungary's case was not taken up until it was too late. The night of November 3-4, the Soviet Union launched a second and more massive military attack on Hungary; armed resistance by the National Guard (composed of the Hungarian Army and the freedom fighters) and a general strike lasted for a few weeks. Nagy and some of his associates, who had sought refuge in the Yugoslav Embassy, were abducted by Soviet forces despite a safe conduct guarantee from Kadar, exiled to Romania, and, after a secret trial, executed on June 16, 1958.

After delivering an impassioned radio address in support of the "glorious revolution," and vowing to fight the Russians with his bare hands if they attacked Hungary, Janos Kadar defected from the Nagy cabinet to the Soviet side, surfacing on November 4 with a radio address from an unknown location, to announce the formation of a counter-government. Kadar carried out severe reprisals against thousands of people, many of whom were imprisoned and executed despite Kadar's promise to the contrary. Forced collectivization, which had stopped in 1956, was carried out again during 1958–59.

In the early 1960s, Kadar announced a new policy under the motto of "he who is not against us is with us." He declared a general amnesty, curbed over time some of the excesses of the secret police, and gradually allowed a relatively liberal cultural and economic course aimed at overcoming the post-1956 antagonism of the population toward him and his regime.

GOVERNMENT

The Hungarian National Assembly, a unicameral legislative body, is nominally the highest organ of state authority. It approves all legislation sponsored by the Hungarian Socialist Workers' (communist) Party (HSWP).

The June 1985 parliamentary elections were held under a new law making it mandatory to have at least two candidates compete for all but 30 of the parliamentary and all local positions.

The National Assembly elects from among its members a 21-member Presidential Council, for a term of 5 years, which is nominally the collective head of state and consists of a president, two vice presidents, one secretary, and 16 members. The president of the Presidential Council represents the state at public ceremonies and official functions. Until 1988, the Presidential Council served as an instrument of the HSWP to make laws on behalf of the National Assembly between sessions. Since the fall of 1987, however, the Presidential Council's prerogatives have been curtailed substantially by the parliament, as the latter gradually shed its rubber stamp image and became a forum for genuine debate. By late 1988, the parliament was exercising more and more of its nominal legislative power.

The executive-administrative functions of government rest with the Council of Ministers (cabinet), nominally selected by the Presidential Council and confirmed by the National Assembly, but in actuality picked by the ruling HSWP politburo headed by Karoly Grosz. It is composed of the premier, two ministers of state, deputy premier, and 17 members (1988).

Hungary's highest court is the Supreme Court, elected by and responsible to the National Assembly. In 1988, the government announced plans to draft legislation creating a restructured independent judiciary and for judicial review of administrative decisions. Below the Supreme Court are the county courts and the district and town courts (courts of first instance). Hungary has no trial by jury. Courts of first instance comprise one professional judge and two lay judges. Higher courts are composed entirely of professional judges.

During the 1956 national uprising, the Hungarian communist party, then known as the Hungarian Workers (communist) Party, disintegrated. It was reestablished as the HSWP by First Secretary Janos Kadar, who led the party until May 22, 1988. The HSWP controls the government, formulates policy, and claims a membership of about 780,000. More than 100,000 left the party in the past 18 months. Its most important organizational bodies are the 108-member (1989) Central Committee, 9-member Political Committee (politburo), and the Secretariat with 5 members.

Principal Government Officials

Prime Minister—Miklos Nemeth
Deputy Premier—Peter Medgyessy
Minister of State—Imre Pozsgay
Minister of State—Rezso Nyers

Ministers
Agriculture and Food—Csaba Huetter
Defense—Ferenc Karpati
Education and Culture—Ferenc Glatz
Finance—Laszlo Bekesi
Foreign Affairs—Gyula Horn
Foreign Trade—Tamas Beck
Interior—Istvan Horvath
Industry—Ferenc Horvath
National Planning Office—Erno Kemenes
Justice—Kalman Kulcsar
Health and Social Affairs—Judit Csehak
Environmental Protection/Water Management—Laszlo Marothy

Hungary maintains an embassy in the United States at 3910 Shoemaker St. NW., Washington, D.C. 20008 (tel. 202–362-6737); and a Consulate General at 8 East 75th Street, New York, NY 10021 (tel. 212–988–8024).

Further Information

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American University. *Area Handbook for Hungary.* 1973.

For information on economic trends, commercial development, production, trade regulations, and tariff rates, contact the International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 or any Commerce Department district office.

POLITICAL CONDITIONS

The May 1988 party conference resulted in dramatic personnel changes. Janos Kadar was replaced by Premier Karoly Grosz, and six new politburo members replaced seats vacated by eight members of the old guard. The party revolt reflected widespread sentiment that the old leadership was incapable of introducing reforms necessary to resolve Hungary's serious economic and social problems. The policy statement adopted at the conference provides guidelines for introducing new political and economic reforms. The younger leadership, including some strong supporters of reform, is now attempting to translate its mandate into concrete and at times unpopular measures essential to solving Hungary's problems.

By early 1989, many of Hungary's constitutional provisions affecting parliament, government, and the increasingly beleaguered HSWP were subject to change as economic and financial problems worsened. The HSWP's crisis deepened, and the long-dormant Hungarian public was politicized to a degree not seen since 1956. As the HSWP lost thousands of its members, scores of independent political and cultural organizations mushroomed, including the revived old coalition Smallholder's Party, Social Democratic Party, and the National Peasant Party, as well as a wide array of new political formations.

The centerpiece of pending legislation is the adoption of a new constitution, with provisions for a multiparty system, guarantees of all freedoms and human rights ensconced in the UN Charter and other international covenants. As a result, the rapid pace of reforms promise to make many of the political institutions and divisions of power valid in early 1989 obsolete after the adoption by referendum of a new constitution. HSWP reformists, led by Imre Pozsgay, succeeded at a Central Committee emergency plenum on February 10–11, 1989, in gaining agreement on the need to move toward a multiparty system over an orderly period lasting several years.

ECONOMY

Before World War II, Hungary had a predominantly agricultural economy. However, following the standard Stalinist pattern, industrialization was forced on Hungary in the postwar period. In 1950, more than 50% of the labor force worked on the land; now, slightly less than 20% are engaged in agricultural activity. In recent years, Hungarian agriculture has been generally self-sufficient and an important source of export earnings. But as was the case with the industrial sector, agriculture also has been starved for investment since the late 1970s.

With the exception of various small businesses with few employees (comprising about 6%), all economic activity is run by state-owned enterprises or cooperatives. Agriculture has been collectivized, undoing the immediate postwar division of large estates among small peasant owners. Today, collectivization of agriculture is 94% complete, composed of collective farms (64%), cooperative organizations (19%), and state farms (11%).

Hungary has rich bauxite mines and provides for most of its coal and some natural gas requirements. However, it must import most of its oil and natural gas in addition to coke and iron ore for steel production.

After the 1956 revolution, production of consumer goods was boosted to conciliate the people. By the early 1960s, inadequacies of the Hungarian economy caused grave concern to the government. Economic malfunctioning continued, however, partly because of Hungary's lack of raw materials and the doctrinaire rigidity of central planning.

New Economic Mechanism

Between 1965 and 1968, Hungarian economists designed a comprehensive modification of the economic system. Introduced in 1968, the "New Economic Mechanism (NEM)" was intended to increase flexibility and efficiency by decentralizing economic decisionmaking. Broad development direction continued to be laid out in central plans, but enterprises were to decide what to produce, how to spend investment funds, and how to manage their labor forces. They were to be judged on their profitability, and the incomes of management and labor

Travel Notes

Customs: Although Hungarian authorities state that tourist visas may be obtained at certain road bordercrossings, at Danube River ship piers, and at Budapest's Ferihegy Airport, U.S. tourists occasionally have encountered difficulties. The U.S. Embassy strongly recommends that all visitors obtain visas, currently $10 for a one-entry tourist visa, from the Hungarian Embassy in Washington, D.C. or from the Hungarian Consulate General in New York before departure. Visas are unavailable at the border to tourists entering by train. Visitors are encouraged to register at the U.S. Embassy.

Only 100 forints in coins (currently about $2) may be imported or exported. There is no limit on the amount of hard currency that may be brought into Hungary. However, travelers are required to declare upon entry any foreign funds in their possession to facilitate re-export of the funds upon departure. Immunization requirements are generally those of Western Europe.

Climate and clothing: Budapest's climate is temperate, with seasons of almost equal length. Summers are pleasant, and the past several winters have been relatively mild.

Health: Health services and medications are widely available and generally adequate, although of a different standard from that in the United States. Tapwater is potable. Raw fruits and vegetables are safe to eat. Avoid unpasteurized milk and food products that lack preservatives.

Telecommunications: Telephone and telegraph services are readily available at standard international rates. Budapest is 6 hrs. ahead of eastern standard time.

Transportation: Several international airlines, including Pan American, provide service between European cities and Budapest's Ferihegy Airport. Train service is available via Vienna. Subway, bus, and taxi services within the capital and its environs are good. Taxis are available at stands or may be ordered by phone. Rental cars are available.

Tourist attractions: Budapest is the country's leading tourist attraction, especially the museums and historic houses and buildings of the "Var" (Royal Castle) area overlooking the Danube River. Roman ruins are located at Aquincum in suburban Budapest and other parts of Transdanubia (Pannonia). The remains of the Renaissance palace of the Hungarian kings at Visegrad on the Danube bend are of great historic and cultural interest. Many Europeans visit Lake Balaton, central Europe's largest lake, for swimming and sunbathing. Many thermal baths are located throughout the country. The Hungarian Puszta or "Great Plain" in the east is interesting for its wildlife.

National holidays: Businesses and the U.S. Embassy may be closed on the following Hungarian holidays:

New Year's Day	January 1
National Day	March 15
National (Liberation) Day	April 4
Easter Monday	
Labor Day	May 1
Constitution (St. Stephen) Day	August 20
Christmas Day	December 25
Boxing Day	December 26

were differentiated to reflect performance. Central plans utilized economic regulators—taxes, prices, exchange rates, credits—rather than directives to influence individual enterprises.

Although the NEM was to make greater use of market forces to guide economic activity, the government stressed that the dominant feature of the economy—socialist ownership of the means of production—was not to be altered. Few of the plans were implemented consistently, and those that were, were either softpedaled or actually neutralized by contrary regulations later. Ultimately, the NEM foundered on endless tinkering, lack of commensurate political reforms, and the burden of obligations stemming from the annual trade protocols governing CEMA (Council for Mutual Economic Assistance) relations.

Initially, however, the NEM ushered in a period of rapid growth and equilibrium in the balance of trade. Yet by the early 1970s, much of the NEM's rationalizing impact on the economy as a whole was gradually lost, as a number of factors blunted reform efforts. Ideologues objected to the lessening of central control and increasing differentiation of incomes. Prices, through subsidies and other measures, diverged increasingly from production costs and world prices. Renewed reform efforts in the late 1970s and early 1980s, including increased reliance on private enterprises, failed to correct the deepening economic imbalances.

Simultaneously, Hungary accumulated a huge foreign debt, ostensibly to modernize and rationalize its industries but largely to compensate falling real incomes and to finance state subsidies to unprofitable enterprises and investments. In 1972, net foreign debt was slightly less than $1.2 billion. By mid-1988, the debt reached nearly $18 billion, the highest per capita debt in Eastern Europe. In 1988, about 40% of Hungary's hard currency earnings were required to service this debt, and the proportion is likely to grow as medium- and long-term loans mature.

Recent Reform Efforts

In September 1987, facing continued economic stagnation and current account trade deficits, the government introduced a 3-year "stabilization program" to curb the country's hard currency debt and to restructure its ailing industrial sector. According to the plan, strict austerity combined with market-oriented reforms would bring prosperity in the long term. The May 1988 party conference reinforced political support for radical economic liberalization by promoting several outspoken reformists to leading positions.

In 1988, as planned, real income fell while exports increased. Some loss-making state enterprises were restructured or reorganized into more rational units, but the process was slow as the government feared popular backlash. Increasingly relying on profitability, a handful were forced into bankruptcy by the government. Through a variety of incentives, Hungary is encouraging foreign investment in joint ventures. A value-added tax and progressive personal income tax, the first in Eastern Europe, were introduced in 1988.

More radical reforms were planned for 1989 and 1990. A law on corporate association was passed in the fall of 1988, granting equal rights to all economic units, state and private, to encourage private enterprise. The development of joint stock companies and conversion of many state firms and cooperatives are expected to increase investment and profitability. Regulations against "unfair competition" combined with budget reforms are designed to reduce state subsidies to unprofitable enterprises and increase competition from private sources. Continuing a process begun in 1986 with the development of commercial banks, many bureaucratic restrictions are to be lifted as the paperwork necessary to start a company or export products is reduced.

The government acknowledges planned reforms will cause economic hardship and social tension. Unemployment caused by the pressure on unprofitable enterprises may reach as high as 200,000 in 1990, a dramatic increase from previously insignificant numbers. Double-digit inflation exceeded government projections and is expected to continue, or even increase, and real incomes will drop as a result. (The living standards at the end of 1988 sank to the 1972 level, with a further drop expected.) If implemented, the planned reforms should ultimately strengthen the Hungarian economy. Yet as inflation and unemployment increase, the government will be under growing pressure to demonstrate rapid results from its policies or to renew state intervention to limit the impact on the population. Although the planned reforms reflect a commitment to a more market-oriented economy in theory, it is too soon to predict how meaningful the reforms will be in practice.

Foreign Trade

Hungary is highly dependent on foreign trade, about 50% of which is with non-communist countries. Most of its raw materials come from the Soviet Union, paid for largely with machinery and food. Hungary imports advanced capital goods and certain raw materials from the West.

A most-favored-nation trade agreement with the United States, concluded in July 1978, opened new opportunities for bilateral trade. The business communities of both countries have subsequently increased their participation in trade fairs and other promotional activities. However, since current Hungarian trade policy is directed at increasing hard currency exports, while restraining imports, trade levels are expected to expand only marginally.

U.S.-Hungarian trade is expected to grow modestly over the medium term. In 1987, U.S. exports to Hungary totaled $95 million. More than two-thirds of this was accounted for by exports of food items, machinery, transportation equipment, and chemicals. U.S. imports from Hungary in 1987 amounted to $306 million, primarily machinery and food items. The Federal Republic of Germany and Austria are Hungary's largest Western trade partners.

FOREIGN RELATIONS

Except for the short-lived neutrality declared by Imre Nagy in November 1956, Hungary's foreign policy has followed the Soviet lead closely since 1947. During 1948-49, Hungary entered into a network of 20-year treaties of friendship, cooperation, and mutual assistance with the Soviet Union (renewed in September 1967), Poland, Czechoslovakia, Romania, and Bulgaria. In 1950, it concluded a friendship treaty with the German Democratic Republic (renewed and expanded into a treaty of friendship, cooperation, and mutual assistance in May 1967). In 1955, it was one of the founding members of the Soviet-led military Warsaw Treaty Organization (Warsaw Pact). Hungary also is a founding member of CEMA, the coordinating organ of Soviet bloc economies. Relations with Romania have deteriorated in recent years over charges of human rights violations against the ethnic Hungarian minority in Transylvania.

Hungary has been a member of the United Nations since December 1955, and was elected to serve on the Security Council for the 1968-69 session.

Hungary is interested in increasing

economic ties with the United States, Western Europe, and Asia. Visits to Austria, the Federal Republic of Germany, Greece, United Kingdom, Spain, France, and the United States by HSWP General Secretary Grosz shortly after he assumed that post reflect this interest, as does Hungarian participation in the European cooperation agreed on between East and West at the 1975 Helsinki Conference on Security and Cooperation in Europe (CSCE). It also signed the follow-on CSCE Final Document in Vienna in January 1989. Hungary established full diplomatic relations with South Korea in early 1989, the first Warsaw Pact country to do so, and expects to resume full diplomatic relations with Israel this year.

A Vatican-Hungary agreement of 1964, although limited in scope, was the first of its kind between The Holy See and a communist government. It provided for appointment of bishops to vacant Roman Catholic dioceses, oaths of allegiance to the state by the clergy, and continued functioning of a state-supported Hungarian theological college at Rome. Vacancies in the Catholic hierarchy in Hungary were filled in 1976, Laszlo Cardinal Lekai being appointed in the same year as Archbishop of Esztergom (the traditional seat of the Primate of Hungary, formerly held by Jozsef Cardinal Mindszenty). Cardinal Paskai is now the Primate of the Roman Catholic Church in Hungary.

DEFENSE

Hungary's troops participate periodically in military maneuvers conducted by Warsaw Pact members. It also maintains bilateral defense commitments with the other members of that organization, including the Soviet Union. Hungarian military forces number about 100,000, a figure that remained basically constant until January 1989, when Hungary announced a 9% reduction of its forces and a 17% cut in defense expenditure. The largest service by far is the army. There also is an air force and a small naval contingent that patrols the Danube River. Young men become eligible at age 18 for conscription. The 18-month period of required military service is expected to be reduced to 12 months, and alternative service of 3 years is expected for conscientious objectors. Soviet troops have been stationed in Hungary since World War II and, in recent years, their size was estimated at 65,000. However, in January 1989, the Soviet Union announced that its troops would be cut by 25% over a 2-year period. Withdrawals began in April 1989.

U.S.-HUNGARIAN RELATIONS

Relations between the United States and Hungary following World War II were affected by Hungary's occupation by Soviet armed forces. An American political mission was opened at Budapest on May 12, 1945, and the United States resumed full diplomatic relations with Hungary on October 12, 1945, before the signing of the Hungarian peace treaty on February 10, 1947. U.S. diplomatic representation at Budapest was established at the legation level on January 26, 1946. The first postwar Hungarian minister presented his credentials and assumed charge of the Hungarian Legation at Washington, D.C. on January 18, 1946.

After the communist takeover in 1947-48, relations with Hungary were increasingly strained by the nationalization of U.S.-owned property, unacceptable treatment of U.S. citizens, restrictions on the operations of the American Legation, and harassment of legation personnel.

During the difficult period following the Hungarian national uprising in 1956, relations were subjected to more strain. The legations at Budapest and Washington were headed by charges d'affaires during the period 1956-66. In 1963, following informal conversations on bilateral relations, and with the proclamation of a partial amnesty for political prisoners, followed by the removal of the Hungarian question from the UN agenda, some movement toward improved relations became evident.

Since November 1966, when missions in Washington and Budapest were raised to embassy status and an exchange of ambassadors was agreed upon, bilateral relations slowly but steadily improved.

In 1972, a consular convention was concluded to provide consular protection to U.S. citizens in Hungary. In 1973, a bilateral agreement was reached under which Hungary settled the nationalization claims of American citizens. In 1976, Hungary paid its debt arrearages to the U.S. Government in full, including those dating back to the post-World War I era. In 1977, an agreement on exchanges and cooperation in culture, education, science, and technology was concluded. Hungary's record of implementing CSCE Helsinki Final Act provisions, including those on reunification of divided families, is among the best in Eastern Europe.

In January 1978, the United States returned to the people of Hungary the historic Crown of Saint Stephen and other Hungarian coronation regalia that had been safeguarded by the United States since the end of World War II. A bilateral trade agreement, including extension to Hungary of most-favored-nation tariff status, entered into force in July 1978. Cultural and scientific exchanges were expanded. Major U.S. official cultural exhibits have been well received. In 1989, the United States and Hungary renewed a civil air agreement providing for direct service between New York and Budapest on Pan Am and Malev, the Hungarian airline.

In recent years, U.S.-Hungarian relations also have featured a steady exchange of official visits. Members of the U.S. executive and legislative branches have participated in meetings to address a broad range of political and other topics. In 1983, Vice President George Bush visited Hungary, and Secretary of State George Shultz visited in 1985. President Bush and Secretary of State James A. Baker, III are scheduled to visit Hungary in July 1989.

Principal U.S. Officials

Ambassador—Mark Palmer
Deputy Chief of Mission—Donald B. Kursch
Press—Robert McCarthy
Cultural Affairs—John Ecsodi
Political—Thomas A. Lynch
Economic—Sandra A. Dembski
Commercial—Stephan Wasylko
Science Attache—Thomas Schlenker
Administrative—Wayne K. Logsdon
Consul—Elizabeth Barnett
Defense Attache—Col. Ruth Anderson

The U.S. Embassy in Hungary is located at Szabadsag Ter 12, Budapest (tel. 126-450). ■

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